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FISCAL IMPACT REPORT

SPONSOR Lopez DATE TYPED 01/26/04 HB _____

SHORT TITLE Child Care Assistance SB 136

ANALYST Maloy

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
	\$10,000.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Children, Youth and Families Department

SUMMARY

Synopsis of Bill

Senate Bill 136 appropriates \$10 million to the Children, Youth and Families Department (CYFD) for the purposes of supporting child care assistance services.

Significant Issues

This additional \$10 million to the Child Care Program would *significantly* expand services, and takes the program beyond what the department has stated is needed to take the eligibility level to 200 % of the federal poverty level. Currently, CYFD has set the eligibility level at 150% of the federal poverty level. The department has expressed the desire to move to 200%.

The additional revenue need not be directed to higher eligibility levels and additional child care “slots”. The additional revenue could support development and implementation of quality, early intervention and school-readiness criteria. For instance, New Mexico currently pays, on average,

\$3,100 annually for a child. However, public programs, such as Head Start that include quality, intervention and school-readiness criteria cost, on average cost \$7,100 annually for a child.

The LFC has recommended an expansion of childcare by \$1.1 million. The House Appropriations and Finance Committee and the Senate Finance Committee may consider an expansion to \$3.1 million. The question becomes: Should the state be expanding programs to such an extent when faced with the challenge a simply maintaining existing programming, such as adult services programming.

According to CYFD, the proposed increase in funding for child care assistance would allow CYFD to serve an additional 3,500 children per month, and raise the childcare assistance program eligibility to 200% of the Federal Poverty Level.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill will result in an expansion of services where there will be a recurring need and expense to the general fund. The bill does propose any unexpended or unencumbered balance remaining at the end of FY05 shall revert to the general fund.

CYFD notes:

This appropriation is not part of the CYFD request or Executive recommendation, and there is no language in the bill indicating that these would be recurring funds.

ADMINISTRATIVE IMPLICATIONS

Such an infusion of revenue into the child care program may initially ease CYFD's administrative burden. However, it raises the question of whether there be enough providers to provide services at the heightened levels.

CYFD to consider state-operated child care facilities. However, \$10 million may not be sufficient to establish and maintain such state facilities.

SJM/prr:yr